



Institute of Actuaries of Australia

XIth Accident Compensation Seminar 2007

Queensland CTP Scheme

**John Hand, Acting Insurance Commissioner
Motor Accident Insurance Commission**

Overview

- Background to scheme
- Legislative reform
- Claim frequency
- Claims cost
- Premium
- Looking forward



Queensland's CTP scheme

- Regulated by the Motor Accident Insurance Commission
- Annual premium pool of \$900 million
- Underwritten by 6 private CTP insurers
- Approximately 6000 claims / year
- Fault-based / common law
- 3.12 million vehicles

Ensuring the balance

Affordability



Fair and appropriate compensation

Reforming Queensland's CTP scheme

- *Motor Accident Insurance Act – 2000 amendments*
- *Civil Liability Act 2003*



Civil Liability Act 2003 (CLA)

General Damages

- Capped
- Provides more certainty
- Injury Scale Value
 - Scale from 0 – 100 (where 100 corresponds to an injury of the gravest conceivable kind)
 - Provides higher payment to the moderate to seriously injured

Reform Effects

- Claim frequency has decreased
- Claim costs stabilised
- Insurer premiums decreased

Claim Frequency

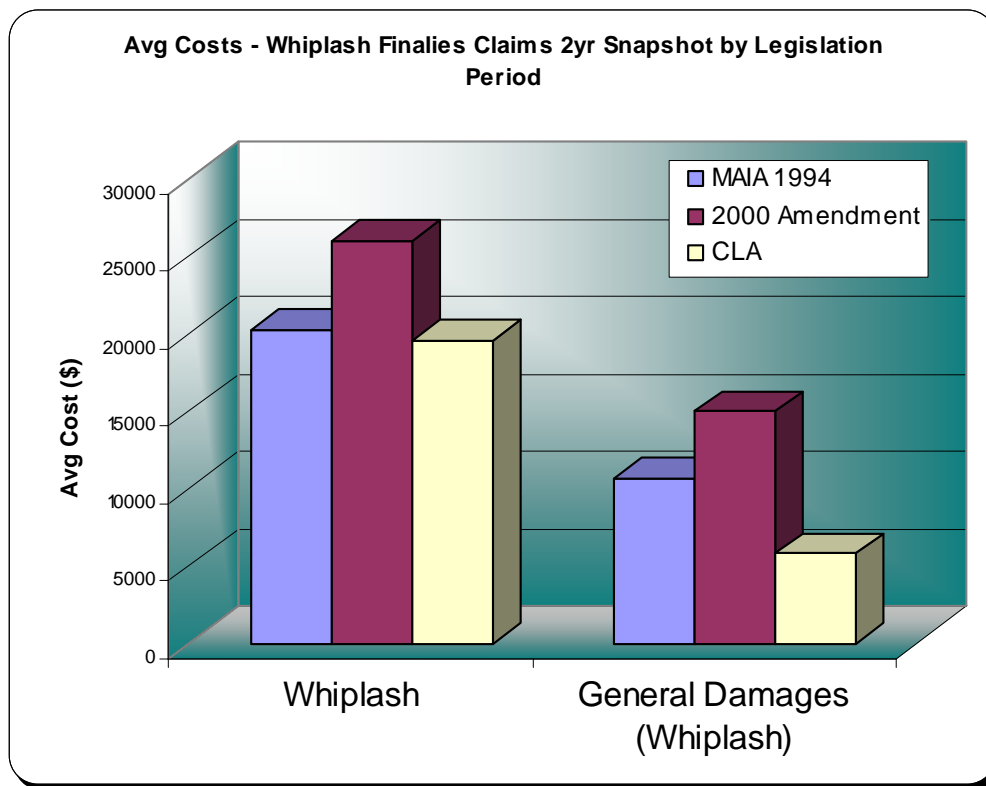
Period	Claim frequency
2003	0.30%
2004	0.25%
2005	0.22%
2006	0.20%

(Source: Taylor Fry Annual Review of Risk Premium Components 8 March 2007)

Claims Costs

- Stability over recent years
- Superimposed inflation

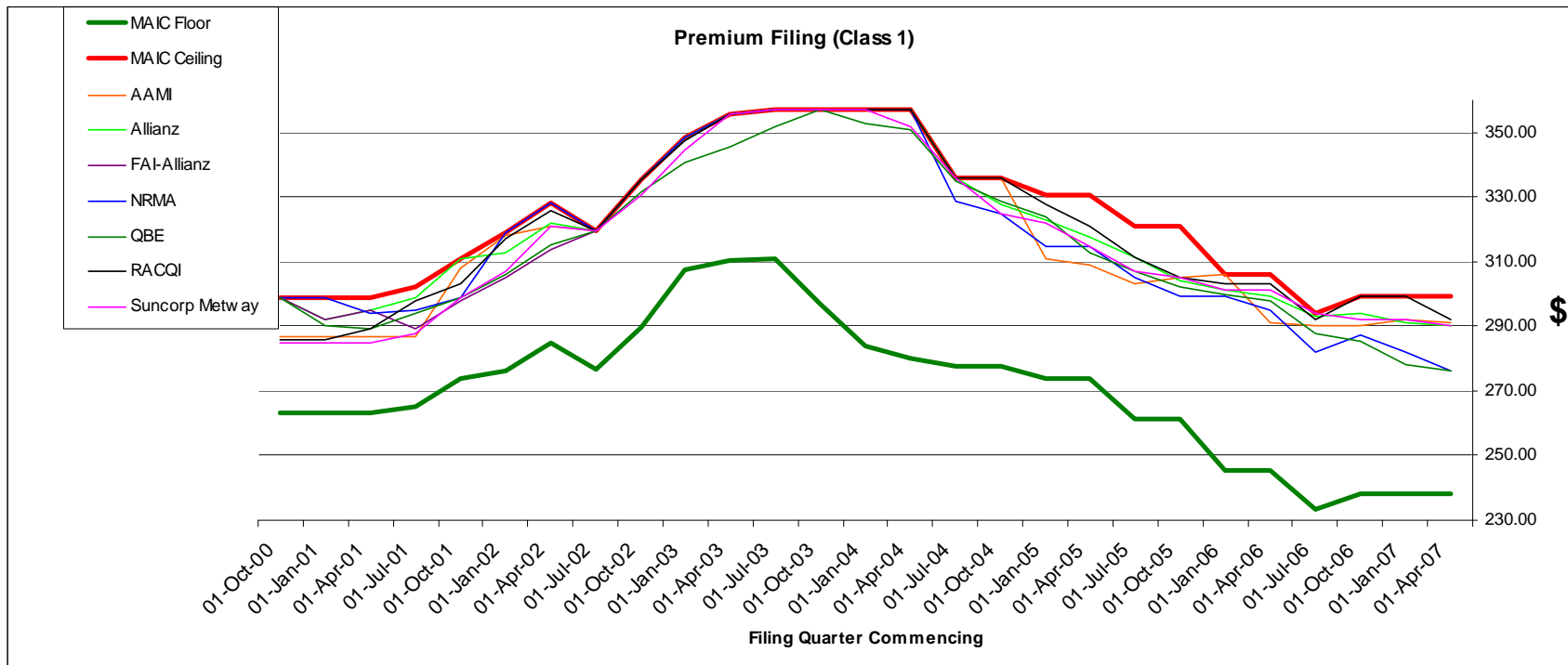
Avg Costs - Finalised Claims 2yr Snapshot by Legislation Period –whiplash



Premium

- Competitive scheme – individual insurer pricing
- Regulator's role is to set premium bands
- Class 1 vehicles
 - \$357 (Oct 2003)
 - \$276 (April 2007)
 - \$81 fall (22.7 %)

Premium Band



Looking forward

- Insurer Profitability
- Mitigating impact of insurer collapse
- Tort law reform - efficacy
- Ongoing review of the scheme

Questions?